



YEAR END REPORT

U. S. S E N A T O R

C H U C K H A G E L

January 1998

Dear Nebraskans:

I just finished my first year as your United States Senator. This Year-End Report addresses my positions on some of the major issues Congress dealt with in 1997. The U.S. Senate cast 298 recorded votes in 1997 and I participated in every one.

The biggest accomplishment of 1997 was the historic agreement to finally balance the federal budget and to provide the largest tax cut since 1981. However, much more needs to be done in both areas. I'm proud that in my first year in the Senate we were able to reach a bipartisan agreement to balance the budget and cut taxes. We need to work this year to continue to lessen the burden of government by continuing to cut taxes and government spending and pay down the national debt.

I will continue to work hard and do my best to represent the interests of Nebraskans in the U.S. Senate.

Thank you. Happy New Year!

Best Wishes,

Chuck Hagel



Senator Hagel and his family celebrate his swearing in as a U.S. Senator last January. Family members are (left to right): Tom Hagel; Mike and Will Hagel; Betty Hagel Breeding; Chuck, Allyn, Ziller and Lilibet Hagel.

MAJOR ISSUES IN CONGRESS IN 1997

Balancing the Federal Budget

For nearly 30 years the federal government failed to balance its books and had been running huge budget deficits. Politicians promised for years to balance the budget without success. A constitutional amendment to balance the budget failed three times in the last three years in the U.S. Senate by one or two votes.

Last July, the Senate and the House overwhelmingly approved the Balanced Budget Act, legislation that would balance the federal budget for the first time since 1969. Members of Congress finally came together in a bipartisan agreement to hold the line on federal spending and stop adding to the massive federal debt. I supported this historic agreement that would balance the budget by the year 2002. When I ran for the Senate, some said that it was impos-

sible to balance our budget and at the same time cut taxes for the American people. The results of the Balanced Budget Act and the Taxpayer Relief Act show this can be done and that there is support in Congress for both fiscal restraint and tax relief.

While this is a tremendous achievement, it is only the first step toward putting our nation on the road toward a sound fiscal policy. Our national debt stands at more than \$5.5 trillion. While a balanced budget will permit us to stop adding to the debt, we need to address how to begin paying it down. We must reduce this burden on our children and grandchildren, otherwise it will reduce the opportunities that they will have to share in the American dream.

Now, due to a strong U.S. economy, the Congressional Budget Office is projecting that the federal budget will actually be balanced well before 2002 and that there may be a federal surplus in the next few years.

Cutting Taxes

In July, the Senate and the House passed the Taxpayer Relief Act, which provided the largest tax cut for Americans since 1981. This bill gave American families a \$500 per child tax credit. It reduced the burden of the estate tax for family owned farms and small businesses and lowered the capital gains tax to spur economic growth. It created Education IRAs to allow families to set up tax-free accounts to save for their children's education and provided homemakers with the opportunity to contribute up to \$2000 in tax-free contributions to an IRA. This bill will also allow Nebraskans who used student loans for their higher education to claim a \$2500 tax deduction for student loan interest.

I strongly supported this bill and sponsored two amendments which were included in the final legislation. The first allows self-employed individuals to gradually deduct

100 percent of their health insurance costs, which will help thousands of small business owners, farmers and ranchers in Nebraska. The second allows farmers to average their income over a three year period for income tax purposes, which creates a more even tax burden for agriculture producers.

An average American family pays about 40 percent of their income in taxes at the federal, state and local levels. The money we work with in Congress is not ours, it belongs to the American people. They deserve to get more of their hard earned money back because they know better how to spend it to meet the needs of their family.

Education

Expanding the Use of Education IRAs — Toward the end of the legislative session Senator Paul Coverdell (R-Georgia) introduced legislation, which I cosponsored, that would give parents more flexibility with the money they've set aside in an education IRA. The "Parent and Student Savings Account Plus Act" would allow parents to contribute up to \$2,000 per year in after-tax dollars into an education IRA. This money could then be used for tuition, tutorial services, a home computer, transportation or certain school-related activities. A late fili-

buster prevented action on this legislation in 1997, but this and other measures to help teachers, students and parents will be a priority of the Senate leadership in 1998.

Reforming Federal Funding of K-12 Education — The Senate approved a dramatic shift in the funding of K-12 education that would move much more control to the local level. The Senate approved an amendment to the Education Department appropriations bill sponsored by Senator Slade Gorton (R-Washington) that would have block granted much of the federal funding for education directly back to local education authorities. Critical national programs such as Impact Aid and the Individuals with Disabilities Education Act would not have been affected by this amendment.

I supported the Gorton amendment. Education is primarily a local issue. What children learn and how they are taught should be decided locally — by parents, teachers, and school boards. President Clinton threatened to veto the entire funding bill for the Departments of Education, Labor, and Health and Human Services if this amendment were included and it was dropped from the final bill. However, the fact that it passed the Senate shows the support is gaining in Washington for returning control of education back to where it should be — at the local level.

Impact Aid — Impact Aid was created to assist school districts that lose a significant portion of their tax base due to military bases or Indian reservations. For the fiscal year 1998, Congress increased funding for Impact Aid to these school districts to \$808 million, an increase of \$78 million over the previous year. A portion of these funds, \$62 million, will be set aside for those school districts determined to be Heavily Impacted, including Bellevue, Nebraska. As a member of the Senate Impact Aid Coalition I will continue to fight to see that the federal government keeps its commitment to those school districts where federal government property significantly reduces the tax base.

Agriculture

Private Property Rights — Several bills were introduced last year to increase the protection private property owners have in deciding how to use their own property. I introduced legislation that protects the rights of private property owners and helps prevent the taking of private property by the federal government. It requires the federal government to con-

sider the impact on the property owner before "taking" the property. This bill also makes it easier for Nebraska property owners to appeal their case if their property is taken by the federal government.

Ethanol — Despite efforts to kill the ethanol tax credit, it was extended until the year 2007 due to the work of farm state Senators and House members. There are a number of reasons why it is important that we continue to support ethanol. Ethanol is responsible for more than 4,000 jobs in Nebraska. It expands the market for and increases the price of corn, which raises the incomes for our farmers. As a cleaner burning fuel, it provides for a better environment. It helps reduce our dependency on foreign oil, especially from the Persian Gulf.

Social Security and Medicare

It is well known that Social Security and Medicare are in jeopardy when the baby boom generation begins to retire and puts an enormous financial strain on both of these programs. We must begin to look now at ways to preserve both Medicare and Social Security. If we wait until we're in a crisis, our options will be limited to increasing taxes or reducing benefits. Looking at all options now and making changes to protect these programs will ensure that they will continue to provide security for retired Americans for years to come.

Last summer, Senator Charles Grassley of Iowa, Chairman of the Senate Aging Committee, and I held hearings in Sioux City and Omaha on the future of Medicare and Social Security. Nebraskans were able to hear from experts about the challenges facing both of these programs. And we were able to hear Nebraskans share their concerns and learn from your ideas.

In the Balanced Budget Act last year, Congress and the President agreed to form a bipartisan commission to propose solutions for saving Medicare. This commission has been appointed and will report back to Congress in March of 1999. Preserving Social Security will be a priority this year with Congress and the President.

Family Issues

Adoption — In November, Congress passed and the President signed legislation to reform the foster care system and to promote the adoption of children in foster care. The Adoption Promotion Act, which I supported, will speed up the adoption process,



Senator Hagel stands in front of the Traveling Vietnam Veterans Memorial Wall, which came to Omaha during Memorial Day Weekend last year. Hagel is one of six Vietnam combat veterans in the U.S. Senate and introduced a Resolution passed by the Senate last year to commemorate the 15th Anniversary of the Vietnam Veterans Memorial Wall in Washington, DC.

especially for those children who have been abused or neglected. It also changes the fiscal incentives in our current adoption policies which tend to keep kids in a state foster care system rather than get them placed permanently in a loving home. One of the most important provisions of this bill is that it no longer requires states to reunite children with parents who pose a serious risk to their child's life.

Flexible Work Hours — The Family Friendly Workplace Act would have given employees in the private sector the same opportunities that federal employees already have to adjust their workweek to better balance the demands of the workplace with their personal needs. This bill would have provided three voluntary options to employers and employees: 1) comp time off instead of monetary overtime pay, 2) biweekly 80 hour-work schedules, and 3) flexible credit hours where overtime hours could be “banked” for future time off.

Despite repeated attempts to bring it to the floor, the Senate was unable to break a filibuster to provide hourly employees with this opportunity for a flexible work schedule.

Partial Birth Abortion — In October, President Clinton vetoed a bill banning partial birth abortion which had passed the Senate in April with strong support, by a vote of 64-36. I am strongly opposed to this procedure and was a cosponsor of the Senate legislation to ban partial birth abortion. In a speech on the Senate floor during debate on this legislation I stated, “I have no doubt we can put our books in order. But can we put our values in order? If we, as leaders, fail to do what is right and fail to stop what is wrong, will we really have left a better America for our children and our grandchildren? I think not.” This year I will work with the Senate leadership to help find the three votes needed to overturn President Clinton's veto.

Transportation Funding for Roads, Bridges and Highway Safety

On September 30, the legislation providing funding for our nation's transportation system, the Intermodal Surface Transportation Efficiency Act of 1992 or ISTEA, expired. Efforts to pass a six-year reauthorization of this legislation, ISTEA II, were filibustered in October by Senate Democrats.

Congress ended up passing a short-term



Senator Hagel listens to Vice President Al Gore at the UN Global Climate Conference in Kyoto, Japan. Hagel is the Chairman of the Senate Global Climate Observer Group and led the Senate delegation to Kyoto. Senator John Kerry (D-MA) is seated on the right.

extension allowing states that have exhausted their highway funds to draw against next year's funding. This short term extension is not a solution because it does not allow states to make long range planning decisions for their roads, bridges and highways.

I cosponsored legislation that would have changed the formula for distributing federal transportation money to be more fair to large rural states with vast expanses of roads and a low population base. This bill would have increased funding for Nebraska's highways and other transportation needs by more than \$110 million each year.

Banking

Home Ownership and Economic Development — Last year I introduced legislation to reform the Federal Home Loan Bank system to help ensure that community banks have sufficient funding for housing and economic development lending. During the 1980s, many community banks closed in Nebraska and across America. As local credit dried up, local economies suffered. My bill will allow smaller banks and thrifts to more easily access Federal Home Loan Banks as a source of lending capital. By ensuring the viability of community banks, Federal Home Loan Banks can keep credit flowing to small businesses, farmers and potential homeowners — helping our local communities to thrive as we enter the 21st century.

Small Businesses — Current regulations prohibit incorporated small business owners, farmers, ranchers, and farm cooperatives from earning interest on their checking accounts. Last year, I introduced the Small

Business Banking Act of 1997 that will allow banks to pay interest on their business checking accounts. This bill will be an important tool to strengthen the nation's engine of job growth — the small businesses that are important customers for small banks.

The United Nations Global Climate Treaty

In December, the Clinton Administration ignored the advice of the U.S. Senate and agreed to a treaty that will have a devastating impact on the American economy. The UN Global Climate Treaty will require the United States and other developed nations to dramatically reduce greenhouse gas emissions, but leaves the developing nations who will be the world's biggest polluters — such as China, Mexico, India and South Korea — completely off the hook. Conservative estimates show that this treaty, if implemented, would result in the loss of more than 2 million American jobs, an increase of up to 50 percent in energy costs, and the flight of major U.S. industries to countries outside this treaty. Increased energy costs, particularly for gasoline and diesel fuel, would hit agriculture especially hard. This treaty would, for the first time in American history, give an international bureaucracy at the United Nations control over the U.S. economy by determining what energy and how much energy the American people can use.

The Senate spoke very clearly on this issue in July when it passed the Byrd-Hagel Resolution on a 95-0 vote. The Senate told the Administration it would not support a

MAJOR ISSUES IN CONGRESS IN 1997

treaty that did not include the developing nations or that would cause serious harm to the U.S. economy. The treaty agreed to by U.S. negotiators at the urging of international environmentalists and Vice President Gore fails on both of these counts. The President must submit any treaty he signs to the U.S. Senate for ratification and the UN Global Climate Treaty currently has no chance of gaining the 67 votes needed for Senate support.

Armed Forces/Veterans

Our Troops — I am greatly concerned about how large reductions in defense spending have impacted the morale, retention and readiness of our armed forces. We are now sending our men and women in uniform on overseas missions more often and for longer periods of time. They should not have to worry about their family back home. How can we expect our best and brightest young people to seek a career in the military if they cannot be guaranteed the basic necessities? We cannot and they will not.

Last year, Congress increased federal appropriations for military housing to \$976 million, an increase of \$267 million over President Clinton's request. I worked to ensure that Offutt AFB in Bellevue received funding needed for renovations of current base housing. Offutt is scheduled to receive funds from the Defense Department to replace 296 units over the next 5 years, and I will work closely with my colleagues on the Armed Services Committee to ensure that this funding is approved.

Veterans Preference Legislation — Last year I introduced legislation with Senator Max Cleland (D-Georgia) that would strengthen a law passed during World War II to give veterans preference when all other

factors are equal in federal hiring practices. Despite this law having been on the books for more than 50 years, evidence shows that many times not only are veterans not given preference, they are frequently discriminated against for federal jobs.

The veterans preference bill that I introduced would create an efficient, effective, fair and user-friendly appeals system for veterans who believe their employment rights have been violated. For the first time, veterans will have real redress when they are improperly denied a job for which they are qualified and should have preference. This bill is identical to legislation that has already passed the House of Representatives and has the strong backing of our nation's veterans organizations.

Norfolk Veterans Home and Outpatient Clinic — In April of last year, Senator Bob Kerrey and I visited the Norfolk Veterans

Home with then-Secretary of Veterans Affairs Jesse Brown and saw firsthand the deplorable and unsafe conditions under which so many of our veterans must live. Senator Kerrey, Congressman Doug Bereuter and I worked together to make replacing the home a priority for the VA.

In late October, the VA announced their 1998 priority list for state home construction grants which included the Norfolk home. The state is working with the federal government to provide the necessary funds and ground was broken this January on a new facility to serve the veterans of northeast Nebraska.

Funds were also obtained to build a new VA outpatient clinic to serve veterans in northeast Nebraska. This will allow our veterans to receive health care without having to drive to VA Hospitals in Omaha and Lincoln.



U.S. Senator Chuck Hagel meets with Nebraska soldiers serving at Camp McGovern outside Tuzla, Bosnia, on July 4, 1997. Nebraskans in the photo are (left to right) Michael Robbins of Overton; Anthony S. Buchheit of Omaha; Glenn Packard formerly of Ogallala and Arthur; and Paul J. Fox of Lincoln.

United States Senate
WASHINGTON, D.C.

OFFICIAL BUSINESS

CHUCK HAGEL
U.S.S.



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U.S. SENATOR

CHUCK HAGEL